

**EIGHTY-FOURTH GENERAL ASSEMBLY
2011 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

APRIL 20, 2011

HOUSE FILE 456

H-1664

1 Amend House File 456 as follows:
2 1. Page 4, line 33, by striking <paragraph> and
3 inserting <paragraphs>
4 2. Page 5, after line 3 by inserting:
5 <NEW PARAGRAPH. 1. Require a public library that
6 receives state funds to adopt a policy that addresses
7 limiting access to electronic media, videos, or video
8 game resources by a child under seventeen years of age
9 if the media, video, or resource has been assigned
10 a rating of R or NC-17, or a comparable rating, by
11 the motion picture association of America, the film
12 advisory board, or the entertainment software rating
13 board.>
14 3. Page 10, line 5, by striking <co-operate> and
15 inserting <~~co-operate~~ cooperate>
16 4. By renumbering as necessary.

By KOESTER of Polk

H-1664 FILED APRIL 19, 2011

SENATE AMENDMENT TO
HOUSE FILE 651

H-1662

1 Amend House File 651, as passed by the House, as
2 follows:

3 1. Page 1, before line 1 by inserting:

4 <DIVISION I
5 CIVIL WAR SESQUICENTENNIAL AND FALLEN PEACE OFFICERS
6 PLATES>

7 2. Page 1, line 2, by striking <subsection> and
8 inserting <subsections>

9 3. Page 1, after line 20 by inserting:

10 <NEW SUBSECTION. 26. Fallen peace officers plates.

11 a. Upon application and payment of the proper fees,
12 the director may issue fallen peace officers plates to
13 an owner of a motor vehicle referred to in subsection
14 12.

15 b. Fallen peace officers plates shall be designed
16 by the department in consultation with the department
17 of public safety and concerns of police survivors, inc.

18 c. The special fee for letter-number designated
19 fallen peace officers plates is thirty-five dollars.
20 The fee for personalized fallen peace officers
21 plates is twenty-five dollars, which shall be paid
22 in addition to the special fallen peace officers
23 fee of thirty-five dollars. The fees collected by
24 the director under this subsection shall be paid
25 monthly to the treasurer of state and deposited in
26 the road use tax fund. The treasurer of state shall
27 transfer monthly from the statutory allocations fund
28 created under section 321.145, subsection 2, to the
29 department of public safety the amount of the special
30 fees collected in the previous month for the fallen
31 peace officers plates and such funds are appropriated
32 to the department of public safety. The department
33 of public safety shall distribute one hundred percent
34 of the funds received monthly in the form of grants
35 to nonprofit organizations that provide resources to
36 assist in the rebuilding of the lives of surviving
37 families and affected coworkers of law enforcement
38 officers killed in the line of duty. In the awarding
39 of grants, the department of public safety shall give
40 first consideration to concerns of police survivors,
41 inc., and similar nonprofit organizations providing
42 such resources. Notwithstanding section 8.33, moneys
43 transferred under this subsection shall not revert to
44 the general fund of the state.

45 d. Upon receipt of the special registration plates,
46 the applicant shall surrender the current registration
47 plates to the county treasurer. The county treasurer
48 shall validate the special registration plates in
49 the same manner as regular registration plates are
50 validated under this section. The annual special

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1 fallen peace officers fee for letter-number designated
2 plates is ten dollars, which shall be paid in addition
3 to the regular annual registration fee. The annual
4 special fee for personalized fallen peace officers
5 plates is five dollars, which shall be paid in addition
6 to the annual special fallen peace officers fee and
7 the regular annual registration fee. The annual
8 special fallen peace officers fee shall be credited and
9 transferred as provided under paragraph "c".>

10 4. Page 1, line 27, by striking <and 25> and
11 inserting <25, and 26>

12 5. Page 1, after line 28 by inserting:

13 <DIVISION _____
14 MILITARY COMBAT PLATES

15 Sec. _____. Section 35A.11, Code 2011, is amended by
16 adding the following new subsection:

17 NEW SUBSECTION. 8A. Combat infantryman badge,
18 combat action badge, combat action ribbon, air force
19 combat action medal, and combat medical badge plates
20 issued pursuant to section 321.34, subsection 20C.

21 Sec. _____. Section 321.34, Code 2011, is amended by
22 adding the following new subsection:

23 NEW SUBSECTION. 20C. Combat infantryman badge,
24 combat action badge, combat action ribbon, air force
25 combat action medal, and combat medical badge plates.

26 a. An owner referred to in subsection 12 who was
27 awarded a combat infantryman badge, combat action
28 badge, combat action ribbon, air force combat action
29 medal, or combat medical badge by the United States
30 government may, upon written application to the
31 department and presentation of satisfactory proof of
32 the award, order special registration plates with a
33 combat infantryman badge, combat action badge, combat
34 action ribbon, air force combat action medal, or combat
35 medical badge processed emblem. The emblems shall be
36 designed by the department in consultation with the
37 adjutant general. The special plate fees collected
38 by the director under subsection 12, paragraphs "a"
39 and "c", from the issuance and annual validation of
40 letter-number designated and personalized combat
41 infantryman badge, combat action badge, combat action
42 ribbon, air force combat action medal, and combat
43 medical badge plates shall be paid monthly to the
44 treasurer of state and deposited in the road use tax
45 fund. The treasurer of state shall transfer monthly
46 from the statutory allocations fund created under
47 section 321.145, subsection 2, to the veterans license
48 fee fund created in section 35A.11 the amount of the
49 special fees collected under subsection 12, paragraph
50 "a", in the previous month for combat infantryman

1 badge, combat action badge, combat action ribbon, air
2 force combat action medal, and combat medical badge
3 plates.

4 b. The surviving spouse of a person who was issued
5 special plates under this subsection may continue
6 to use or apply for and use the special plates
7 subject to registration of the special plates in
8 the surviving spouse's name and upon payment of the
9 annual five-dollar special plate fee and the regular
10 annual registration fee for the vehicle. If the
11 surviving spouse remarries, the surviving spouse shall
12 return the special plates to the department and the
13 department shall issue regular registration plates to
14 the surviving spouse.

15 Sec. _____. Section 321.145, subsection 2, paragraph
16 b, subparagraph (3), Code 2011, is amended to read as
17 follows:

18 (3) The amounts required to be transferred pursuant
19 to section 321.34 from revenues available under
20 this subsection shall be transferred and credited as
21 provided in section 321.34, subsections 7, 10, 10A, 11,
22 11A, 11B, 13, 16, 17, 18, 19, 20, 20A, 20B, 20C, 21,
23 22, 23, and 24 for the various purposes specified in
24 those subsections.

25 Sec. _____. EFFECTIVE DATE. This division of this
26 Act takes effect January 1, 2012.>

27 6. Title page, line 2 and 3, by striking <plate,
28 establishing fees, and making an appropriation> and
29 inserting <plate, special fallen peace officers plates,
30 and special military combat plates, establishing fees,
31 making appropriations, and including effective date
32 provisions>

33 7. By renumbering as necessary.

RECEIVED FROM THE SENATE

HOUSE FILE 671

H-1667

1 Amend House File 671 as follows:

2 1. Page 7, after line 26 by inserting:

3 <DIVISION _____

4 MUNICIPAL UTILITY REPLACEMENT TAX APPLICATION

5 Sec. _____. MUNICIPAL UTILITIES ---- REPLACEMENT TAX ----
6 IMPLEMENTATION STUDY.

7 1. The department of revenue shall conduct an
8 evaluation and analysis regarding applying the
9 replacement tax on electricity and natural gas
10 providers established in chapter 437A to municipal
11 utilities not currently subject to the tax, in an
12 effort to address inequities in the application of the
13 foundation property tax imposed pursuant to section
14 257.3.

15 2. The evaluation shall be conducted with the
16 assistance of the utility replacement tax task force
17 and shall include but not be limited to determination
18 of the following:

19 a. Equitable delivery rates for municipal utilities
20 not currently subject to the tax.

21 b. Phased-in implementation of tax imposition
22 subject to the following specified percentages of full
23 replacement tax liability:

24 (1) For the tax year beginning January 1, 2011,
25 zero percent.

26 (2) For the tax year beginning January 1, 2012,
27 fourteen percent.

28 (3) For the tax year beginning January 1, 2013,
29 twenty-eight percent.

30 (4) For the tax year beginning January 1, 2014,
31 forty-two percent.

32 (5) For the tax year beginning January 1, 2015,
33 sixty-four percent.

34 (6) For the tax year beginning January 1, 2016,
35 seventy-eight percent.

36 (7) For the tax year beginning January 1, 2017,
37 ninety-two percent.

38 (8) For the tax year beginning January 1, 2018, and
39 succeeding tax years, one hundred percent.

40 3. The department shall submit proposed legislation
41 during the 2012 legislative session reflecting the
42 results of the evaluation.>

43 2. Title page, line 3, after <limitations,> by
44 inserting <providing for an evaluation of applying
45 the replacement tax on electricity and natural gas
46 providers to municipal utilities,>

By WATTS of Dallas

H-1667 FILED APRIL 19, 2011

HOUSE FILE 678

H-1673

1 Amend House File 678 as follows:

2 1. Page 5, by striking lines 19 through 23 and
3 inserting <maintained by the governing board of the
4 organization and required or authorized to be kept
5 confidential by law.

6 (2) Discussions with, or the work product of, an
7 attorney of the governing board of the organization
8 required or authorized to be kept confidential by law.>

9 2. By renumbering as necessary.

By HAGENOW of Polk
PETERSEN of Polk

H-1673 FILED APRIL 19, 2011

SENATE FILE 410

H-1665

1 Amend Senate File 410, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 5, after line 10 by inserting:

4 <NEW PARAGRAPH. m. Allow a public library that
5 receives state assistance under section 256.57, or
6 financial support from a city or county pursuant
7 to section 256.69, to dispose of, through sale,
8 conveyance, or exchange, any library materials that may
9 be obsolete or worn out or that may no longer be needed
10 or appropriate to the mission of the public library.
11 These materials may be sold by the public library
12 directly or the governing body of the public library
13 may sell the materials by consignment to a public
14 agency or to a private agency organized to raise funds
15 solely for support of the public library. Proceeds
16 from the sale of the library materials may be remitted
17 to the public library and may be used by the public
18 library for the purchase of books and other library
19 materials or equipment, or for the provision of library
20 services.>

21 2. By renumbering as necessary.

By COWNIE of Polk

H-1665 FILED APRIL 19, 2011

SENATE FILE 410

H-1666

1 Amend Senate File 410, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 7, line 6, after <librarian.> by inserting
4 <In the event that the remaining assets and liabilities
5 cannot be transferred to the state librarian, the board
6 of directors of a library service area shall liquidate
7 all assets, settle existing liabilities, and transfer
8 remaining moneys to the general fund of the state. In
9 addition, all fund balances from appropriations of
10 state funds allocated to the library service areas
11 remaining unobligated and unencumbered on the date of
12 the transfer shall be transferred to the general fund
13 of the state.>
14 2. Page 8, line 12, after <office.> by inserting
15 <However, the number of district offices established
16 to provide services pursuant to this section shall not
17 exceed six.>
18 3. Page 11, after line 29 by inserting:
19 <Sec. _____. EFFECTIVE UPON ENACTMENT. This Act,
20 being deemed of immediate importance, takes effect upon
21 enactment.>
22 4. Title page, line 3, after <areas> by inserting
23 <, and including effective date provisions>
24 5. By renumbering as necessary.

By KOESTER of Polk

H-1666 FILED APRIL 19, 2011

SENATE FILE 410

H-1668

1 Amend the amendment, H-1666, to Senate File 410,
2 as amended, passed, and reprinted by the Senate, as
3 follows:
4 1. Page 1, by striking lines 15 through 17 and
5 inserting <The number of district offices established
6 to provide services pursuant to this section shall be
7 six.>

By STECKMAN of Cerro Gordo

IVERSON of Wright

RAYHONS of Hancock

UPMEYER of Hancock

H. MILLER of Webster

H-1668 FILED APRIL 19, 2011

SENATE FILE 493

H-1663

1 Amend Senate File 493, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. By striking everything after the enacting clause
4 and inserting:

5 <Section 1. Section 499B.15, subsection 2, Code
6 2011, is amended to read as follows:

7 2. a. If the form of administration is a board
8 of administration, board meetings must be open to
9 all apartment owners except for meetings between the
10 board and its attorney with respect to proposed or
11 pending litigation where the contents of the discussion
12 would otherwise be governed by the attorney-client
13 privilege. Notice of each board meeting must be mailed
14 or delivered to each apartment owner and to each member
15 of the board at least seven days before the meeting.
16 Each notice shall contain the date, time, place, and
17 purpose of the meeting. Minutes of meetings of the
18 board of administration must be maintained in written
19 form or in another form that can be converted into
20 written form within a reasonable time. The official
21 records of the board of administration must be open to
22 inspection and available for photocopying at reasonable
23 times and places. Any action taken by a board of
24 administration at a meeting that is in violation of any
25 of the provisions of this subsection is not valid or
26 enforceable.

27 b. An apartment owner may seek judicial enforcement
28 of the requirements of this subsection within six
29 months of the alleged violation. Suits to enforce
30 this subsection shall be brought in the district court
31 for the county in which the declaration under section
32 499B.3 was filed. In any judicial action, the board
33 shall have the burden of proving that the requirements
34 of this subsection have been met. If a board fails to
35 prove by a preponderance of the evidence that the board
36 complied with the requirements of this subsection, the
37 court shall:

38 (1) Award costs and reasonable attorney fees to the
39 prevailing party.

40 (2) Issue an order declaring any action taken by
41 the board at a meeting that violated this subsection
42 invalid and unenforceable.

43 (3) If the court determines that a violation of
44 this subsection is likely or about to occur, enjoin the
45 board from committing the violation.

46 Sec. 2. Section 504.823, Code 2011, is amended to
47 read as follows:

48 504.823 Call and notice of meetings.

49 1. Unless the articles or bylaws of a corporation,
50 or subsection 3 or 5, ~~provide~~ provides otherwise,

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1 regular meetings of the board may be held without
2 notice.

3 2. Unless the articles, bylaws, or subsection 3 or
4 ~~5 provide~~ provides otherwise, special meetings of the
5 board must be preceded by at least two days' notice to
6 each director of the date, time, and place, but not the
7 purpose, of the meeting.

8 3. In corporations without members, any board
9 action to remove a director or to approve a matter
10 which would require approval by the members if the
11 corporation had members shall not be valid unless each
12 director is given at least seven days' written notice
13 that the matter will be voted upon at a directors'
14 meeting or unless notice is waived pursuant to section
15 504.824.

16 4. Unless the articles or bylaws provide otherwise,
17 the presiding officer of the board, the president, or
18 twenty percent of the directors then in office may call
19 and give notice of a meeting of the board.

20 5. a. Notwithstanding any provision of this
21 chapter to the contrary, homeowners' association
22 board meetings shall be open to all members except
23 for meetings between the board and its attorney with
24 respect to proposed or pending litigation where the
25 contents of the discussion would otherwise be governed
26 by the attorney-client privilege. Notice of each board
27 meeting shall be mailed or delivered to each member
28 and to each director at least seven days before the
29 meeting. Each notice shall contain the date, time,
30 place, and purpose of the meeting. Any action taken
31 by a board at a meeting that is in violation of any
32 of the provisions of this subsection is not valid or
33 enforceable.

34 b. A member may seek judicial enforcement of the
35 requirements of this subsection within six months
36 of the alleged violation. Suits to enforce this
37 subsection shall be brought in the district court
38 for the county in which a majority of the area of
39 real estate governed by the homeowners' association
40 is located. In any judicial action, the homeowners'
41 association board shall have the burden of proving
42 that the requirements of this subsection have been
43 met. If a homeowners' association fails to prove by
44 a preponderance of the evidence that the homeowners'
45 association complied with the requirements of this
46 subsection, the court shall:

47 (1) Award costs and reasonable attorney fees to the
48 prevailing party.

49 (2) Issue an order declaring any action taken by
50 the homeowners' association board at a meeting that

1 violated this subsection invalid and unenforceable.

2 (3) If the court determines that a violation of
3 this subsection is likely or about to occur, enjoin the
4 homeowners' association from committing the violation.

5 c. For purposes of this subsection, "homeowners'
6 association" means a corporation responsible for
7 the administration and operation of an area of real
8 property comprised of land and buildings used primarily
9 for human habitation, whose membership consists of
10 parcel owners or their agents, and, as a condition
11 of parcel ownership, membership in the corporation is
12 mandatory.

13 Sec. 3. APPLICABILITY. This Act applies to
14 homeowners' association board meetings and horizontal
15 property regime board of administration meetings
16 occurring on or after July 8, 2011.>

17 2. Title page, by striking lines 1 and 2 and
18 inserting <An Act relating to the meetings and
19 actions of the governing boards of certain nonprofit
20 corporations and horizontal property regimes and
21 including applicability provisions.>

By HAGENOW of Polk

SENATE FILE 517

H-1669

1 Amend the amendment, H-1658, to Senate File 517,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 6, line 6, by striking <935,233> and
5 inserting <2,421,424>

6 2. Page 7, before line 1 by inserting:

7 <Sec. _____. UNIVERSITY OF IOWA.

8 1. There is appropriated from the general fund
9 of the state to the state university of Iowa for the
10 fiscal year beginning July 1, 2011, and ending June
11 30, 2012, the following amount, or so much thereof
12 as is necessary, to be used for the state university
13 of Iowa research park and for the advanced drug
14 development program at the Oakdale research park,
15 including salaries, support, maintenance, equipment,
16 miscellaneous purposes, and for not more than the
17 following full-time equivalent positions:

18	\$	222,372
19	FTEs	6.00

20 2. The state university of Iowa shall do all of the
21 following:

22 a. Direct expenditures for research toward projects
23 that will provide economic stimulus for Iowa.

24 b. Provide emphasis to providing services to
25 Iowa-based companies.

26 3. Notwithstanding section 8.33, moneys
27 appropriated in this section that remain unencumbered
28 or unobligated at the close of the fiscal year shall
29 not revert but shall remain available for expenditure
30 for the purposes designated until the close of the
31 succeeding fiscal year.>

32 3. Page 7, line 10, by striking <273,064> and
33 inserting <610,674>

34 4. Page 7, line 11, by striking <3.06> and
35 inserting <6.75>

36 5. Page 16, before line 12 by inserting:

37 <Sec. _____. UNIVERSITY OF IOWA.

38 1. There is appropriated from the general fund
39 of the state to the state university of Iowa for the
40 fiscal year beginning July 1, 2012, and ending June
41 30, 2013, the following amount, or so much thereof
42 as is necessary, to be used for the state university
43 of Iowa research park and for the advanced drug
44 development program at the Oakdale research park,
45 including salaries, support, maintenance, equipment,
46 miscellaneous purposes, and for not more than the
47 following full-time equivalent positions:

48	\$	222,372
49	FTEs	6.00

50 2. The state university of Iowa shall do all of the

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1 following:

2 a. Direct expenditures for research toward projects
3 that will provide economic stimulus for Iowa.

4 b. Provide emphasis to providing services to
5 Iowa-based companies.

6 3. Notwithstanding section 8.33, moneys
7 appropriated in this section that remain unencumbered
8 or unobligated at the close of the fiscal year shall
9 not revert but shall remain available for expenditure
10 for the purposes designated until the close of the
11 succeeding fiscal year.>

12 6. Page 16, line 21, by striking <273,064> and
13 inserting <610,674>

14 7. Page 16, line 22, by striking <3.06> and
15 inserting <6.75>

16 8. By renumbering, redesignating, and correcting
17 internal references as necessary.

By RUNNING-MARQUARDT of Linn

KRESSIG of Black Hawk

HEDDENS of Story

LENSING of Johnson

KAJTAZOVIC of Black Hawk

WESSEL-KROESCHELL of Story

MASCHER of Johnson

SENATE FILE 517

H-1670

1 Amend the amendment, H-1658, to Senate File 517,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 8, line 5, by striking <2,267,788> and
5 inserting <3,066,768>

6 2. Page 17, line 16, by striking <2,718,540> and
7 inserting <3,066,768>

8 3. Page 19, after line 31 by inserting:

9 <DIVISION III

10 WORKERS' COMPENSATION

11 Sec. _____. Section 86.9, Code 2011, is amended by
12 adding the following new unnumbered paragraph:

13 NEW UNNUMBERED PARAGRAPH The commissioner shall
14 compile a monthly report containing the number of
15 final decisions, rulings, and orders processed by
16 the division in the preceding month. The report may
17 contain other matters or information the commissioner
18 considers necessary. The report shall be submitted to
19 the legislative services agency within ten days of the
20 last calendar day of each month.

21 Sec. _____. Section 86.17, subsection 1, Code 2011,
22 is amended to read as follows:

23 1. a. Notwithstanding the provisions of section
24 17A.11, the workers' compensation commissioner or a
25 deputy workers' compensation commissioner shall preside
26 over any contested case proceeding brought under this
27 chapter, chapter 85, 85A, or 85B in the manner provided
28 by chapter 17A.

29 b. After consulting with the parties to a
30 contested case proceeding, the workers' compensation
31 commissioner, or a deputy workers' compensation
32 commissioner, shall schedule a hearing date for the
33 proceeding within twelve months following the date on
34 which the petition is filed, or as soon thereafter as
35 is reasonably practicable. If a party to the contested
36 case fails to agree to a hearing date, the commissioner
37 or the deputy commissioner may select a date without
38 the prior approval of the parties to the contested
39 case.

40 c. The deputy commissioner or the commissioner may
41 make such inquiries in contested case proceedings as
42 shall be deemed necessary, so long as such inquiries do
43 not violate any of the provisions of section 17A.17.>

44 4. By renumbering as necessary.

By RUNNING-MARQUARDT of Linn

H-1670 FILED APRIL 19, 2011

SENATE FILE 517

H-1671

1 Amend the amendment, H-1658, to Senate File 517,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 19, after line 31 by inserting:

5 <DIVISION III

6 BLOCK GRANT FUNDING

7 Sec. _____. Section 15.108, subsection 1, paragraph
8 a, Code 2011, is amended to read as follows:

9 a. Expend federal funds received as community
10 development block grants as provided in section 8.41.

11 (1) Of the funds related to disaster recovery
12 received by the department under this paragraph
13 that may, under federal law, be used for purposes
14 of administrative expenses, the department shall
15 distribute three percent to those local governments
16 that receive block grant funding. The department may
17 use the amount remaining after the distribution to
18 local governments for the department's administrative
19 expenses.

20 (2) The department shall submit a plan for the
21 expenditure of the funds designated for administrative
22 expenses to the general assembly and the legislative
23 services agency each year on or before July 1.

24 (3) The department shall communicate to local
25 governments the amount of their eligibility for the
26 funds described in subparagraph (1), how such amount
27 was calculated, and how they may apply for it.

28 Sec. _____. RETROACTIVE APPLICABILITY. This
29 division of this Act applies retroactively to all the
30 department's unexpended and unobligated funds arising
31 under federal disaster-related block grants.>

32 2. By renumbering as necessary.

By RUNNING-MARQUARDT of Linn

H-1671 FILED APRIL 19, 2011

SENATE FILE 517

H-1672

1 Amend the amendment, H-1658, to Senate File 517,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 19, after line 31 by inserting:

5 <DIVISION III

6 AGENCY APPEARANCES BEFORE APPROPRIATIONS SUBCOMMITTEE

7 Sec. _____. AGENCY APPEARANCES BEFORE APPROPRIATIONS
8 SUBCOMMITTEE. The directors, or the directors'
9 designees, of the Iowa finance authority and the
10 department of economic development, and any successor
11 entities, shall annually appear before the members
12 of the joint subcommittee on economic development
13 appropriations and present a proposed budget. The
14 proposed budget shall include a detailed accounting of
15 all moneys received, from any source, and all moneys
16 expended, for any purpose, during the current fiscal
17 year and the prior fiscal year. The proposed budget
18 shall also include a detailed expenditure plan for such
19 moneys during the next fiscal year.>

20 2. By renumbering as necessary.

By RUNNING-MARQUARDT of Linn

H-1672 FILED APRIL 19, 2011

Fiscal Note

Fiscal Services Division



HF 671 – Property Tax Reform Act (LSB 1484HV)

Analyst: Shawn Snyder (Phone: 515-281-7799) (shawn.snyder@legis.state.ia.us)

Fiscal Note Version – New

Description

Division I of [House File 671](#) increases the school aid formula regular program foundation level beginning in FY 2013. The foundation level increase will be phased in until the percentage reaches 100.0% in FY 2019.

Division II requires assessment limitations for residential, agriculture, and commercial classes of property to be tied together. This limits the percentage increase for these classes of property to the class of property that has the lowest percentage of increase (up to 4.0%). Division II also requires the lowest percentage increase to apply to the industrial class of property.

Assumptions

Division I

Increasing the school aid formula regular program foundation level will increase the amount of State aid and reduce the amount of local property tax. The assumptions used to estimate the fiscal impact of Division I include assuming no changes in enrollment or weightings for FY 2012 through FY 2019. Additionally, the future allowable growth rates will also have an impact on the estimates of Division I. This estimate provides fiscal impact scenarios assuming a 0.0% allowable growth rate for FY 2012 through FY 2019 and a 4.0% allowable growth rate for FY 2012 through FY 2019.

Division II

Assumptions for Division II include:

- Based on Department of Revenue estimates, the following table provides rollback limits and the total taxable valuation growth under the current law and the proposal in HF 671. Without the commercial tie (current law), the rollback limits for residential and agriculture classes of property would reach the maximum percentage of 4.0% for each year. The proposal tying commercial growth to the residential and agriculture class of property will impact assessment years 2012 through 2016 and result in a reduction in total taxable valuation growth compared to current law.

Assessment Year		Current Law		Proposal	
		Rollback Limit	Total Taxable Valuation Growth	Rollback Limit	Total Taxable Valuation Growth
2011	2013	4.00%	3.42%	4.00%	3.42%
2012	2014	4.00%	3.82%	0.00%	1.19%
2013	2015	4.00%	4.71%	2.00%	3.33%
2014	2016	4.00%	4.50%	0.00%	1.79%
2015	2017	4.00%	4.98%	2.00%	3.58%
2016	2018	4.00%	4.51%	0.00%	1.73%

- The school district levy impact provided in this estimate includes the school district additional levy, the instructional support program levy, the educational improvement levy, the cash reserve levy, and the management levy. Based on trend data, the LSA used a growth factor of 5.8% annually for this levy amount. The total school levy amount will not change, but reducing valuation to apply the levy amount against will result in an overall levy rate increase.
- The school district levy is applied to taxable valuation that does not include Tax Increment Financing (TIF) valuations above the TIF base amount. The LSA assumes that the school district levy will be applied to 93.5% of the total taxable valuation to account for the TIF valuations above the TIF base amount.
- The State will replace the school district uniform levy amount as a result of any reduction in valuation compared to current law. The School Foundation uniform levy rate is \$5.40 per \$1,000 of valuation.
- The impact of Division I of the Bill (School Foundation Regular Program Foundation Level Increases) has been factored in the estimate for Division II and assumes a 0.0% allowable growth rate for each year.
- The estimated local tax revenue reduction due to the valuation reduction is based on a statewide consolidated rate of \$36.64/\$1,000 of valuation for assessment year 2009, and increased annually by 1.0%. Additionally, the rate has been adjusted to remove the \$5.40/\$1,000 school foundation uniform levy rate and the school levy rate amount for each year displayed.
- The estimate is based on State totals and may differ significantly from the actual impact to each local government jurisdiction.

Fiscal Impact

Overall Estimated General Fund Impact

House File 671 will increase General Fund expenditures as a result of foundation level increases in **Division I** and replacement of the school foundation uniform levy as a result of taxable valuation growth limitations specified in **Division II**. Assuming a 0.0% allowable growth rate for all years noted, the estimated General Fund expenditure increase will be:

- FY 2012: No impact
- FY 2013: \$57.4 million for the foundation level increase.
- FY 2014: \$77.2 million (\$58.0 million for the foundation level increase and \$19.0 million for the school foundation uniform levy replacement).
- FY 2015: \$69.1 million (\$58.0 million for the foundation level increase and \$11.1 million for the school foundation uniform levy replacement).
- FY 2016: \$79.5 million (\$57.4 million for the foundation level increase and \$22.1 million for the school foundation uniform levy replacement).
- FY 2017: \$71.4 million (\$58.0 million for the foundation level increase and \$13.4 million for the school foundation uniform levy replacement).
- FY 2018: \$83.4 million (\$58.0 million for the foundation level increase and \$25.4 million for the school foundation uniform levy replacement).

Allowable growth rates established that are greater than 0.0% in the years shown will increase the estimated General Fund expenditure amounts provided above. The following sections provide additional detail by Division, including the estimated impact on State aid (General Fund expenditures) based on the different allowable growth rates.

Division I

Table 1 provides the potential fiscal impact of increasing the school aid regular program foundation level assuming an allowable growth rate of 0.0% for FY 2012 through FY 2019. In general, State aid increases (and local property tax decreases) approximately \$57.0 to \$58.0 million annually until the foundation level reaches 100.0% in FY 2019. By FY 2019, the total State aid increase/property tax reduction amount is estimated at \$405.7 million under this scenario.

	Allowable Growth Rate	Foundation Level Percentage	Current Law Property Tax	Proposal Property Tax Amount	Impact: Decrease in Property Tax and Increase in State Aid	State Aid Increase over Previous Fiscal Year
FY 2012	0.0%	87.50%	\$ 405.7	\$ 405.7	\$ 0.0	\$ 0
FY 2013	0.0%	89.28%	405.7	348.3	57.4	57.4
FY 2014	0.0%	91.06%	405.7	290.3	115.4	58.0
FY 2015	0.0%	92.84%	405.7	232.4	173.3	58.0
FY 2016	0.0%	94.62%	405.7	175.0	230.7	57.4
FY 2017	0.0%	96.40%	405.7	117.0	288.7	58.0
FY 2018	0.0%	98.18%	405.7	59.1	346.6	58.0
FY 2019	0.0%	100.00%	405.7	0.0	405.7	59.1

Table 2 assumes an annual allowable growth rate of 4.0% for FY 2012 through FY 2019. In FY 2013, State aid increases (property tax decreases) by an estimated \$62.4 million. As the foundation level percentage phase-in increases, State aid increases annually and by FY 2019, State aid is estimated to increase \$98.8 million. By FY 2019, the total State aid increase/property tax reduction amount is estimated at \$555.3 million under this scenario.

	Allowable Growth Rate	Foundation Level Percentage	Current Law Property Tax	Proposal Property Tax Amount	Impact: Decrease in Property Tax and Increase in State Aid	State Aid Increase over Previous Fiscal Year
FY 2012	4.0%	87.50%	\$ 422.2	\$ 422.2	\$ 0.0	\$ 0
FY 2013	4.0%	89.28%	438.8	376.4	62.4	62.4
FY 2014	4.0%	91.06%	456.5	326.8	129.7	67.3
FY 2015	4.0%	92.84%	474.7	272.1	202.6	72.9
FY 2016	4.0%	94.62%	494.0	212.5	281.5	78.9
FY 2017	4.0%	96.40%	513.3	147.9	365.4	83.9
FY 2018	4.0%	98.18%	534.3	77.8	456.5	91.1
FY 2019	4.0%	100.00%	555.3	0.0	555.3	98.8

The estimates provided in **Tables 1** and **2** do not include any Property Tax Equity and Relief Fund (PTER) used to provide school aid property tax relief to school districts with the highest adjusted additional levy tax rates. In FY 2012, the amount is estimated to total \$30.7 million, including \$24.0 million from a General Fund appropriation and \$6.7 million from the remaining State sales/use tax for school infrastructure funds.

Division II

Table 3 provides the estimated fiscal impact of Division II. The annual estimates are based on a numerous assumptions that are subject to change. Any variation in assumptions could significantly impact the estimates displayed in the table. Additionally, estimates are provided on a statewide basis and may vary significantly among local taxing jurisdictions.

The estimated fiscal impact will first occur in FY 2014 and will include an increase in State school aid (replacement of the school uniform levy) of \$19.2 million, an overall school levy rate increase of \$0.2154 per \$1,000, and a reduction in local government tax revenue totaling \$89.5 million. By FY 2018, the estimated annual fiscal impact will be an increase in State school aid of \$25.4 million, an overall school levy rate increase of \$0.2083 per \$1,000, and a reduction in local government tax revenue totaling \$131.3 million.

Table 3: Estimated Fiscal Impact of Division II (Dollars in Millions)

Assessment Year	Fiscal Year	Reduction in Total Taxable Valuation	School Uniform Levy Replacement (State Aid Increase) Amount	Incremental School Uniform Levy Replacement Amount	Estimated School Levy Rate Increase*	Incremental School Levy Rate Increase*	Estimated Local Tax Revenue Reduction	Incremental Local Tax Revenue Reduction
2011	2013	\$ 0.0	\$ 0.0	N.A.	\$ 0.0000	N.A.	\$ 0.0	N.A.
2012	2014	-3,811.7	19.2	19.2	0.2154	0.2154	-89.5	-89.5
2013	2015	-6,001.7	30.3	11.1	0.3178	0.1025	-144.2	-54.6
2014	2016	-10,370.3	52.4	22.1	0.5256	0.2078	-253.0	-108.9
2015	2017	-13,033.6	65.8	13.4	0.6202	0.0946	-324.6	-71.5
2016	2018	-18,068.7	91.2	25.4	0.8286	0.2083	-455.8	-131.3

*Levy rates expressed in \$1,000 of taxable valuations.

Sources

Iowa Department of Management, School Aid file
Iowa Department of Education, Certified Enrollment file
Iowa Department of Revenue
LSA analysis and calculations

/s/ Holly M. Lyons

April 19, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
